

Krugerrand sales slow despite ruling

By Roger Boye

Sales of South African Krugerrands continue to lag in Illinois despite a December court decision that presumably could have boosted demand.

"People still are buying other types [of gold coins]," said Walter Perschke, president of Numisco Rare Coins, Ltd., in Chicago. "Our Krugerrand business essentially has gone from zero to zero."

An Illinois law that took effect in January 1985 required dealers to charge sales tax on Krugerrands but not on coins made by other countries. That tax disparity contributed to a dramatic drop in Krugerrand business, irritating some coin dealers.

But two months ago the Illinois Supreme Court declared the Krugerrand sales tax illegal, ruling that the state could not exercise its taxing power to encourage a boycott of a single nation's products.

"[The tax] is an impermissible encroachment upon a national prerogative—the authority of the federal government to conduct foreign affairs," the court said.

Springfield coin dealer James Hausman, who filed a lawsuit challenging the tax, praised the court's decision but said it has failed to generate new Krugerrand business in his store, Springfield Rare Coin Galleries.

"No one has been buying Krugerrands—before or after the decision," Hausman said.

Sales of Krugerrands—once the world's most widely traded gold coin—also have been hurt by competition from other "bullion coins" and by President Reagan's order that banned importation of Krugerrands to protest South Africa's apartheid racial policies.



Hobby newspaper Numismatic News wants federal officials to develop new coin designs that would express American ideals in contemporary terms.

The country has "evolved and moved on, but our coinage hasn't," the editorial said. "Symbols and portraits are there, but most of them are not understood by the present generation."